



*Laura T Beyer*

Laura T. Beyer  
United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
(Statesville Division)

In re:	)	Chapter 11
	)	
<b>CUSTOM DESIGN GROUP, LLC,</b>	)	Case No. 20-50463
	)	
Debtor.	)	

**INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL**

On December 14, 2020, Custom Design Group, LLC (the “Debtor”), filed a *Motion to Use Cash Collateral* (the “Motion”). [Doc. 10]. The Debtor requested that an expedited hearing be scheduled on the Motion. The Motion seeks entry of an interim order (the “Interim Order”) authorizing the use of cash collateral as defined in 11 U.S.C. § 363 on a preliminary basis for the period commencing as of the date of the bankruptcy filing through the date of a final hearing on the Motion.

The Motion came before the Court on December 18, 2020, for a hearing (the “Interim Hearing”) on notice to all interested parties via ECF noticing, U.S. mail, electronic mail, and/or facsimile transmission. The notice provided is adequate and reasonable under the circumstances of this case. Based upon the evidence presented at the Interim Hearing, the Debtor’s use of cash collateral on an interim basis in accordance with the terms and conditions

set forth herein appears to be in the best interest of the estate and its creditors; accordingly, it is hereby **ORDERED** that:

1. The Court concludes, on a preliminary basis, that Peoples Bank and the Small Business Administration (together, the “Lenders”) have interests in cash collateral, but are also protected by substantial equity cushions in the Debtor’s assets to which their liens attach. Given the nature of the collateral, it is unlikely that the Lenders’ equity cushions will decrease during the interim period for which cash collateral use is requested.

2. Thus, the Debtor’s use of cash collateral on an interim basis is proper pursuant to section 363(c)(2) of the Bankruptcy Code.

3. The Debtor may use cash collateral during the period beginning with the filing of its bankruptcy petition on December 11, 2020 (the “Petition Date”), and continuing through the date of the Final Hearing (as defined below), in the ordinary course of business for the expenses specified in the budget (the “Budget”), which is attached hereto and incorporated herein by reference as Exhibit A. The Debtor may use cash collateral only for ordinary and necessary business expenses consistent with the specific items and amounts contained in the attached budget; provided, however, that the Debtor may vary from the Budget by 10% per line item on a cumulative basis.

4. The Debtor shall not use, sell, or expend, directly or indirectly, cash collateral or any proceeds, products, or offspring thereof, except as authorized in this Interim Order.

5. The Debtor’s authority to use cash collateral in accordance with the terms and conditions set forth herein shall terminate at 11:59 p.m. on the date of the Final Hearing, unless the Court further authorizes the use of cash collateral at the Final Hearing on the Motion or upon mutual consent of the affected parties.

6. This Interim Order is without prejudice to the rights of the Lenders to seek adequate protection or other relief available under the Bankruptcy Code, and entry of this Interim Order is without prejudice to the rights of interested parties to challenge or otherwise contest entry of a final order authorizing the use of cash collateral.

7. This Interim Order is also entered without prejudice to: (a) the claims, rights, and defenses that the Debtor and/or any other party in interest may have to challenge the nature, validity, priority, or extent of the liens asserted by creditors; and (b) any and all claims, rights, and defenses creditors may assert in any action to challenge the nature, validity, priority, or extent of the liens it may assert.

8. The professional fee carveout from cash collateral as shown in the Budget is approved for payment of the allowed fees and expenses incurred by the Debtor's professionals during this Chapter 11 case.

9. A final hearing on the use of cash collateral shall be held on January 27, 2021 at 9:30 a.m., in the United States Bankruptcy Court, Charles Jonas Federal Building, Courtroom 1-5, 401 West Trade Street, Charlotte, North Carolina (the "Final Hearing").

10. Any party wishing to object to the relief granted herein being allowed on a final basis shall file such objection with the Court in accordance with the Local Rules of the United States Bankruptcy Court, together with proof of service thereof, showing service upon all interested parties, so as to be received no later than three business days prior to the Final Hearing.

11. The Debtor is directed to serve a copy of this Order upon: (a) the Bankruptcy Administrator for the Western District of North Carolina, (b) the Debtor's twenty largest unsecured creditors, (c) the Lenders; and (d) those parties requesting notice pursuant to Bankruptcy Rule

2002 within three days after its entry and shall file a certificate of service specifying the manner and method of service.

**[EXHIBIT A FOLLOWS]**

This Order has been signed electronically. The Judge's signature and Court's seal appear at the top of this Order.	United States Bankruptcy Court
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# **EXHIBIT A**

**INCOME**

400 Sales - TEAM	\$147,500.00
Total 400A Services- TEAM	\$15,564.23
401A Sales of Product Income	\$2,938.66
401 Sales - Store	\$6,083.33
402 Sales - OMG	\$34,166.67
403 Sales - Online	\$2,666.67
405 Special Events	\$500.00
406 Manufacturing	\$350.00
409 Discounts given	-\$400.34
410 Refunds Given	-\$444.25
Shipping Income	\$23.03
<b>Total Income</b>	<b>\$208,948.00</b>

**COSTS OF GOODS**

506 Cost of Goods Sold	\$90,983.33
506A Digitizing	\$304.50
<b>Total Cost of Goods Sold</b>	<b>\$91,287.83</b>

**GROSS PROFIT** **\$117,660.17**

**EXPENSES**

550 Payroll Expenses	
550C Employee Compensation	\$42,143.75
550H Employee Health Insurance	\$5,153.51
550S Service Fees	\$1,714.75
550T Payroll Taxes	\$2,663.08
550W Worker's Comp Insurance	\$428.56
552 Contract Labor	\$24,166.67
557 Software	\$1,431.34
570 Commissions	\$1,500.00
605 Supplies for Shop	\$2,348.50
609 Repairs & Maint - Building	\$321.19
610 Repairs & Maint - Equipment	\$70.01
612 OMG School Fundraising	\$1,339.32
614 Equipment Rental	\$686.53
615 Rent of Building	\$5,900.00
616 Utilities	\$1,319.36
620 Insurance	\$352.30
626 Taxes & Licenses	\$613.42
633 Truck and Auto expenses/ fuel	\$726.90
709 Kitchen Supplies	\$160.54
710 Office supplies	\$822.94
711 Postage & Shipping	\$2,348.81
712 Cleaning paper supplies	\$105.14
715 Telephone	\$504.59
716 Travel	\$533.33
717 Meals & Entertainment	\$859.47
718 Mileage reimbursement	\$1,483.33
720 Legal & Professional Services	\$10,000.00
734 Advertising	\$147.49
735 Gifts/Sponsorship	\$2,900.00
742 Dues & Subscriptions	\$100.00
744 Bank Charges & Fees	\$2,455.58
744A OMG Fees	\$1,300.00
800 Interest Paid	\$0.00
Refunds	\$208.33
<b>Total Expenses</b>	<b>\$116,808.74</b>
<b>Net Income</b>	<b>\$851.43</b>